

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE: : CASE NO. 1:13-bk-01380
KEYSTONE BIOFUELS, INC. :
: CHAPTER 11
Debtor :

**MOTION FOR EMERGENCY HEARING CONCERNING THE
DEBTOR’S MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS (a) AUTHORIZING THE DEBTOR-IN-POSSESSION TO
OBTAIN POST-PETITION FINANCING PURSUANT TO 11 U.S.C. §364;
AND (b) SCHEDULING A FINAL HEARING PURSUANT TO
BANKRUPTCY RULE 4001**

The Motion of Keystone Biofuels, Inc. (“Debtor”) for an Emergency Hearing Concerning the Debtor’s Motion for Entry of Interim and Final Orders (b) Authorizing the Debtor-in-possession to Obtain Post-petition Financing Pursuant to 11 U.S.C. §364; and (b) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001, is as follows:

1. On March 18, 2013, the Debtor filed a voluntary Petition under Chapter 11 of the United States Bankruptcy Code. As a result thereof, the Debtor has been appointed debtor-in-possession and manages its assets and operates its business.
2. The Debtor is a business corporation which manufactures petroleum products and related products from various agricultural items (the “Business”).
3. Debtor has now filed an Emergency Motion for Entry of Interim and Final Orders (a) authorizing the Debtor-in-Possession to Obtain Post-petition Financing Pursuant to 11 U.S.C. §364; and (b) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001.

The purpose of such Motion is to allow the Debtor to borrow \$350,000.00 in order to begin operations.

4. In addition, the Motion requests approval of a transaction whereby a company owned by an affiliate of a shareholder in the Debtor's companion case, KBI Industries, Inc., will purchase 100,000 gallons of finished product from the Debtor and supply all raw materials and chemicals to produce such finished product.

5. In order for the Debtor to begin operations so that it can generate receivables and have the ability to move towards a Plan of Reorganization, it is necessary that the Debtor borrow \$250,000.00 immediately. Therefore, the Motion requests approval of the loan in the amount of \$250,000.00 on an interim and emergency basis.

6. The Motion also requests approval of the purchase by Tri-Gas of 100,000 gallons. Such request is included in the Motion because of the potential insider nature of the purchase and so as to disclose the transaction to all creditors and parties in interest.

7. The purpose of the Tri-Gas transaction is, in part, to retain an existing customer known as AmeriGreen (the ultimate purchaser of the 100,000 gallons). An additional purpose of the Tri-Gas transaction is to demonstrate to major petroleum companies that the Debtor's product is usable by such companies and that the Debtor can produce such product.

8. The Debtor believes that unless it has the ability to immediately borrow the \$250,000.00, as well as begin production for the Tri-Gas 100,000 gallons, that it will suffer immediate and irreparable harm.

9. The market is favorable for sale at a good price and the Debtor wishes to begin operations immediately.

10. For all of the above reasons, it is requested that this Honorable Court schedule an interim hearing at the earliest possible moment to consider the interim financing set forth above.

WHEREFORE, it is respectfully requested that the Court schedule a hearing on an interim basis pursuant to Bankruptcy Rule 4001 to provide for interim financing for the Debtor as set forth above.

Respectfully submitted,
CUNNINGHAM & CHERNICOFF, P.C.

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